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10 December 1965

## MEMORANDUM FOR THE RECORD:

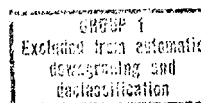
25X1A9A SUBJECT: Notes of [ ] for Briefing the DCI on India's  
Food Problems

1. As a result of the most severe drought conditions of this century, India faces a major food crisis during the next several months. India's foodgrain output for the 1965 crop year (1 July 1965 - 30 June 1966) may be lower than 78 million tons -- over 10 million tons less than last year. Unless grain imports can be substantially increased by some 4 to 5 million tons --- up to about 12 million tons --- India faces sky-rocketing food prices, widespread famine, and rioting in her major cities.

2. This chart (graphic) illustrates how Indian foodgrain production is falling behind the growth in population. Indian population is currently increasing by about 12 million persons a year; thus about 2 million additional tons of foodgrain are needed annually to maintain current low levels of consumption. Even during 1960 and 1964, when per capita grain availability was at peak levels, it is estimated that one person in four in India was underfed.

3. Population rates of growth, however, can not be reduced quickly enough to cope with the lagging food production. Although birth control measures, including sterilization and the "loop" have been and are continuing to be introduced, the shortage of doctors,

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nurses, and other trained personnel, plus the traditional resistance of the rural population to change, means that the population growth rate -- 2.4 percent -- cannot be reduced nearly enough over the next decade to solve the problem.

4. Over the past several years grain imports have spelled the difference between low grain consumption levels in India and starvation. The U.S. has provided about 90 percent of India's grain imports, totaling some \$3 billion in surplus food shipments. During 1964 a record 6 million tons of grain from the U.S., about 20 percent of the U.S. wheat crop and 10 percent of the U.S. rice crop, helped to stave off disaster.

5. Unfortunately, inadequate port facilities and foreign exchange shortages limit the amount of assistance that can be obtained from outside sources. India's port facilities, as they are now operated, cannot handle much above the 7.4 million tons of grain imported during the 1964 crop year. Port operations, however, could be sufficiently improved to handle imports of some nine to ten million tons if India adopts some proposed U.S. recommendations. Grain shipments above this amount would probably mean curtailing other essential imports. There is no prospect, however, that India could improve her foreign exchange position enough to buy the grain.

6. Aside from increasing imports, the most immediate problem is the inequitable distribution of the limited grain supplies among the various states, many of which are deficit producers (Graphic-Map). Under the Indian Constitution the state governments have

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primary responsibility for food policies, and the surplus states have cooperated poorly with the central government in its effort to service deficit areas. Recent government proposed rationing programs have frequently had to be put off because of inadequate stocks.

7. India has two major agricultural production problems -- a lack of fertilizer and a lack of water. First fertilizer utilization rates are among the lowest in the world -- 2.5 pounds per acre (compared to about 175 pounds in Japan and 46 pounds in the U.S.). As a result during the past few years yields of rice and wheat in India have also been low -- averaging only about 800 pounds each, per acre. (Compared to about 1,500 pounds of wheat and about 4,000 pounds of rice average yield per acre in the U.S.). It is estimated that India could increase foodgrain production by about 30 percent through increased fertilizer usage.

8. The second major problem is too much dependence on rainfall. Almost 80 percent of India's grain crop depends directly on rain rather than on modern methods of irrigation. As a result low rainfall inevitably leads to a poor crop. India's potential for improved irrigation, however, is enormous as only about 1/3 of her utilizable water potential for irrigation has been tapped. It is estimated that India can increase foodgrain production by as much as 50 percent through improved irrigation.

9. These shortages are essentially the direct result of inadequate investment in agriculture during earlier periods. Although agriculture makes up some 50 percent of India's national

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income and accounts for 75 percent of employment, during the past 5 years agriculture has received less than 10 percent of development funds. Unfortunately the government has emphasized its industrial program to the detriment of agriculture. Moreover, the government's rigid and inflexible attitude has discouraged foreign private investment.

10. Many other problems exist -- increased use of pesticides, improved seeds, and other modern techniques are all required. The organizational and institutional problems of breaking through centuries of tradition and providing incentives to India's millions of peasants are staggering. It is the recognition of the need to get India started on a long-range program to meet these problems that lies behind our government's unwillingness to enter another long-term "Food for Peace" agreement.

11. India's Short-Term Prospects are dim. She is entirely dependent on gifts of food to tide her over the current food crisis. Even so, the crop this year is so poor, the grain shortage so great, and the problems of transport so difficult that some starvation and rioting probably can not be avoided over the next few months.

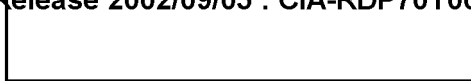
12. India's Long-Term Prospects, although not bright, appear to be better than they have been in many years as a result of an agreement on methods to improve Indian agriculture that was reached between Secretary of Agriculture Freeman and Minister of Agriculture SUBRAMANIAN in Rome in late November. This agreement was reached despite Indian criticism of the recent U.S. month-to-month surplus

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food shipments and U.S. insistence that the Indians institute some kind of self help measures. The Freeman agreement represents an important policy victory for President Johnson, and if the Indian government sticks to the agreement, Indian agriculture is likely to show significant improvement over the next decade. In the long-run, however, only a combination of modern agricultural techniques and drastic population control measures can solve India's chronic food problems.

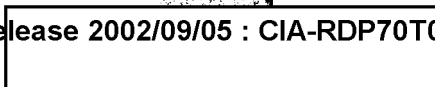
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